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OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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December 10, 2008

Gloria Taylor, Executive Director
Community Women Against Hardship
3963 West Belle
St. Louis, MO 63108

RE: Fiscal Monitoring Review of Community Women Against Hardship,
Community Development Block Grant (CDBG), Contract #08-10-04,
CFDA #14218 (Project #2008-CDA43)

Dear Ms. Taylor:

Enclosed is a report of our fiscal monitoring review of Community Women Against Hardship, a not-for profit organization, CDBG, for the period January 1, 2008 through April 30, 2008. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of Community Women Against Hardship. Our fieldwork was completed on April 25, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**COMMUNITY WOMEN AGAINST HARDSHIP
CONTRACT #08-10-04
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH APRIL 30, 2008**

PROJECT #2008-CDA43

DATE ISSUED: DECEMBER 10, 2008

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

Honorable Darlene Green, Comptroller

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
COMMUNITY WOMEN AGAINST HARDSHIP
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH APRIL 30, 2008**

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**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
COMMUNITY WOMEN AGAINST HARDSHIP
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH APRIL 30, 2008**

INTRODUCTION

Background

Contract Name: Women Against Hardship

Contract Number: 08-10-04

CFDA Number: 14.218

Contract Period: January 1, 2008 through December 31, 2008

Contract Amount: \$50,000

Contract #08-10-04 provided Community Development Block Grant (CDBG) funds to Community Women Against Hardship (Agency) to provide services such as classes, training, counseling on interpersonal relationship and conflict resolution to low-income women and their families. The funds also provided training for parent-child relationships, family counseling, homework sessions and parent-child activities.

Purpose

The purpose of our review was to determine the Agency's compliance with federal (including OMB Circular A-133), state and local CDBG requirements for the period January 1, 2008 through April 30, 2008 and make recommendations for improvements as necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the Community Development Administration (CDA), evidence tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. The fieldwork was completed on April 25, 2008.

Exit Conference

An exit conference was conducted at the Agency on December 3, 2008. Gloria Taylor, executive director, represented the Agency. Jeremy Holtzman and Victoria Reed represented the Internal Audit section.

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INTRODUCTION

Management's Responses

The management's response to the observation and recommendation noted in the report were received from the Agency on December 5, 2008. The response has been incorporated into this report.

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CONCLUSION AND SUMMARY OF CURRENT OBSERVATIONS

Conclusion

The Agency did not fully comply with federal (including OMB Circular A-133), state and local CDBG requirements.

Status of Prior Observations

This Agency has not been previously monitored.

A-133 Status

The Agency did not expended \$500,000 or more in federal funds for fiscal year 2007. The Agency, therefore, is not required to have a single audit in accordance with OMB Circular A-133.

Summary of Current Observations

The recommendations is made for the following observation, which if implemented, could assist the Agency in fully complying with federal (including OMB Circular A-133), state and local CDBG requirements.

- Opportunity to establish compensating controls in lieu of segregation of duties

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**DETAILED OBSERVATIONS, RECOMMENDATIONS, AND
MANAGEMENT'S RESPONSES**

Opportunity to Establish Compensating Controls in Lieu of Segregation of Duties

As specified in OMB Circular A-133, control activities are the policies and procedures that help ensure that management's directives are carried out and adequate segregation of duties provided between performance, review, and recordkeeping.

Due to the limited number of employees, the bookkeeper of the Agency is performing incompatible duties such as record keeping and reconciliations. The Agency, however, has not established mitigating or compensating controls. These controls are additional procedures to reduce the risk of errors or irregularities that may result from individual performing incompatible duties. For instance, if the record keeper also performs a reconciliation process, a supervisor could perform a detailed review of the reconciliation to provide additional control.

In the absence of the mitigating or compensating controls the following could occur:

- Misappropriation of assets
- Misstatement of financial statements
- Inaccurate financial information
- Improper use of funds

Recommendation

It is recommended an officer or a board member of the Agency review the bookkeeper's work. It is also recommended that such a review be documented in the form of the reviewer's initials on the reviewed document.

Management's Response

When Auditor made site visit in April 2008 and requested certain copies from our "Procedures and Policy Manual," we did not have a written document illustrating our financial and accounting procedure. We have created a draft that is being sent along with this document. However, it was not until her August workshop that I learned that, even though our Board gave me consent to sign all checks up to \$1,000; this is unacceptable with the grant from the Community Development Agency. Again, I listened and complied. Even though it is challenging, we have those disbursement checks signed by the Board Chair and Board Treasurer.